

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL MEMORANDUM

SB 2120 – HB 2186

April 17, 2009

SUMMARY OF AMENDMENT (005826): Deletes the original bill in its entirety. Establishes the Tennessee Transportation State Infrastructure Fund (TTSIF). The fund would assist governmental entities in financing qualified projects for the construction and improvement of highway and transportation facilities necessary for public purposes, including economic development. The bill establishes a seven member Board to govern the fund. Transfers existing funds from the Tennessee State Infrastructure Bank (TSIB) to the TTSIF.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$125,000

Increase Local Expenditures – Exceeds \$100,000/Permissive

Other Fiscal Impact – According to the Department of Transportation (TDOT), the TSIB has a balance of \$2,000,000 that would be transferred to the TTSIF. TDOT also indicates that approximately \$40,000,000 in federal funds and \$20,000,000 in state funds will be transferred to the account. This money currently resides in the Transportation Fund. Therefore, there is a shift of \$60,000,000 from the Transportation Fund to the TTSIF. Local government would receive the bulk of these funds in the form of loans. As a result, the state will experience an increase in revenue due to interest payments from these loans. Due to a variety of unknown factors, the precise amount of this increase cannot be quantified but can reasonably be estimated to exceed \$100,000. Such increase would be credited to the TTSIF.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase Local Expenditures – Exceeds \$100,000/Permissive

Other Fiscal Impact – According to the Department of Transportation (TDOT), the TSIB has a balance of \$2,000,000 that would be transferred to the TTSIF. TDOT also indicates

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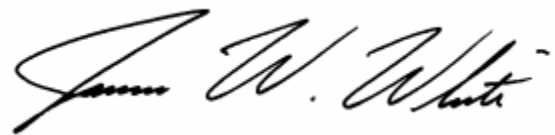
that approximately \$40,000,000 in federal funds and \$20,000,000 in state funds will be transferred to the account. This money currently resides in the Transportation Fund. Therefore, there is a shift of \$60,000,000 from the Transportation Fund to the TTSIF. Local government would receive the bulk of these funds in the form of loans. As a result, the state will experience an increase in revenue due to interest payments from these loans. Due to a variety of unknown factors, the precise amount of this increase cannot be quantified but can reasonably be estimated to exceed \$100,000. Such increase would be credited to the TTSIF.

Assumptions applied to amendment:

- The Department of Treasury will be able to provide assistance as required by the bill utilizing existing resources without an increased appropriation or reduced reversion.
- Local governments will incur a permissive increase in expenditures associated with interest payment on any loans they obtain through the bank.
- According to the Treasury Department, there may be revenue from earnings which would otherwise be credited to the General Fund but under the provisions of this bill would be directed to the TTSIF. The magnitude of such shift cannot be quantified due to multiple unknown factors.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly distinguishable.

James W. White, Executive Director

/cce